

TESTIMONY
OF
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Introduction:

My name is Bill Durand and I am the Executive Vice President and Chief Legal Counsel for the New England Cable & Telecommunications Association, Inc., otherwise known as NECTA. NECTA represents substantially all cable television operating and programming companies that serve Connecticut and the other five states in the region. NECTA respectfully submits testimony in opposition to House Bill 6128-An Act Concerning The Regulation of Certain Cable Television Rates.

This bill attempts to re-regulate basic cable rates in Connecticut. The basic rate is the lowest tier upon which broadcast channels are carried. Here in Connecticut the rates range from \$14-\$18 dollars per month. It is interesting to note that AT&T and satellite companies do not offer a basic tier. The bill attempts to adopt one set of rules for cable and another for competitors. Even if the bill does pass, consumers will see no benefit. Once a cable system is deemed subject to effective competition, states are prohibited by federal law from regulating basic rates. Under Federal law there are two tests for "effective competition". Section

623(l)(1)(D) of the Communications Act provides that a cable operator is subject to effective competition if a local exchange carrier ("LEC"), or its affiliate, offers video programming services directly to subscribers by any means (other than direct-to-home satellite services) in the franchise area of an unaffiliated cable operator which is providing cable service in that franchise area, but only if the video programming services offered in that area are comparable to the video programming services provided by the competing unaffiliated cable operator. This test is otherwise referred to as the "LEC" test. Where AT&T has launched service cable companies satisfy the LEC test. Section 623(l)(1) of the Communications Act provides that a cable operator is subject to effective competition if any one of the following tests is met:

(A) fewer than 30 percent of the households in the franchise area subscribe to the cable service of a cable system;

(B) the franchise area is-

(i) served by at least two unaffiliated multichannel video

programming distributors each of which offers comparable video

programming to at least 50 percent of the households in the franchise area; and

(ii) the number of households subscribing to programming services

offered by multichannel video programming distributors other than
the largest multichannel video programming distributor exceeds 15
percent of the households in the franchise area; or

This is sometimes referred to as the 50/15 test. In most areas of Connecticut, the
satellite penetration exceeds 15 percent and since satellite service is available to
more than 50% of residents-effective competition will be found to exist and
regulation of basic rates will be prohibited by federal law.

Please feel free to contact me if you have any questions on this or any other matter.